

UNREGISTERED

3 January 1947

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MEMORANDUM FOR THE DIRECTOR:

Subject: Year-End Report by the Director of Central Intelligence to the National Intelligence Authority.

I believe it appropriate at this first NIA meeting of the new year to give you a very brief report on the current status of CIO. I have prepared to do this under headings corresponding to the various subdivisions of CIO so that you will be better able to understand the organization as well as the activities of CIO.

PERSONNEL AND ADMINISTRATION OFFICE

Budget. On December 20, 1946 the Director of the Bureau of the Budget informed me that approval had been granted for a CIO budget for the fiscal year 1948. CIO funds will be distributed within the appropriations of State, War and Navy. Steps are being taken to correlate all the information necessary for the budget hearings before the Congressional Appropriations Committees which it is hoped will be in executive session with any testimony on highly classified material held to an absolute minimum.

Legislation. At the request of Mr. Clifford, Special Counsel to the President, I submitted to the White House on December 2, 1946 a draft of proposed enabling legislation for CIO. The principal advantage to be derived by CIO from legislation will be an administrative stability. Under the present setup, CIO has encountered trouble in personnel recruitment because of its so-called "unpermanent nature." Also at least one of the intelligence agencies has hesitated to assign responsibilities to CIO on the claim that CIO's life expectancy was

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politics and objectives must prevail.

OFFICE OF REPORTS AND ESTIMATES

Basic Intelligence. The discussions which have taken place in the development of the paper on the coordination of the production of intelligence currently indicate that it is the agencies' desire that the CIG undertake a large part of the responsibility for the preparation, maintenance, and publication of those handbooks containing basic and factual intelligence information which serve as the reference material for war planners, naval strategists and commercial, economic and political policy makers alike. Almost every agency in town which actively participated in the war effort developed agency books of some type to meet agency requirements. It is the current belief that much duplication and unnecessary cost can be eliminated if the foreign intelligence agencies pool their interest and effort in the creation of a single broader book designed to meet all agency requirements. CIG's part of this work will fall to the Office of Reports and Estimates where it will be closely related through the joint use of raw intelligence information to the office's current production of strategic and national policy intelligence.

Strategic and National Policy Intelligence. Constant attention is being given by the Office of Reports and Estimates to an improvement in the intelligence reports which it has been directed to produce. These currently consist of the daily summary which is circulated under the blue cover and which contains summaries of the latest outstanding foreign developments. This daily has as a companion piece the weekly which affords opportunity for longer articles containing more considered evaluation and interpretation. The most complete studies are circulated

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an optimist in a special corporation and when developments abroad determine their timeliness. A recent adequacy survey has indicated that recipients in the agencies, including those in your personnel offices, consider that a worthy addition is being made to the national intelligence mission by these reports. Such comment and criticism as was received during the survey is being given careful attention in an effort toward further improvement.

Presentation Room. The Office of Reports and Estimation also maintains a Presentation Room where it undertakes the briefing of officials leaving the country. The War and Navy Departments have recently subscribed to a proposal that all official personnel proceeding abroad for intelligence assignments make a visit to CIO as part of their general pre-departure indoctrination. The Presentation Room will be available for this process to answer any questions it may be able on CIO activities, on political, military, and naval matters, and on CIO programs for interagency coordination. In developing this program, it was CIO's intention to inculcate in prospective attachés the idea that the national intelligence mission is a single and integrated one, and that each representative has responsibilities thereto under to agencies other than his own, and that the highest form of team work in the field is necessary in the national interest.

Reference Center. The administrative preliminaries to the creation of an interagency reference center have been underway for some time. Delays have resulted from my desire to initiate the project only when adequate and competent personnel are available, but several related projects which have been given consideration have been so developed

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that when the time comes they will easily fall into the Reference Center pattern. Among these are the Biographical Data Compilation File, the Central Contact Register, the Exploitation of Captured Documents, the Coordinated Acquisition of Foreign Publications, and Intelligence on Foreign Industrial Establishments.

Service to SWICG. By recent agreement, a working arrangement has been developed between CIA and SWICG on the basis of the understanding that SWICG is the interagency policy development group while CIA is the interagency intelligence group. A program of liaison has been mutually accepted whereby the CIA will supply to the SWICG policy formulators such intelligence estimates and other intelligence material as the policy formulators may require in their work.

Despite a similar injunction to CIA in NIA No. 1, no such arrangement has yet been possible with the JCS although the problem of JIC-CIA relationship is still under consideration.

OFFICE OF COLLECTION AND DISSEMINATION

Collection. You have recently received NIA Directive No. 7. This Directive is the statement of overall policies and objectives for the coordination of collection activities which I mentioned earlier. As you will have noticed, the implementation of this plan will go far toward insuring the fullest possible use of our collection facilities abroad, the reduction of unnecessary overlap and unproductive duplication. It places final field responsibility for all agency field representatives under the direction of the senior U. S. representative at each post and directs collectors' efforts into specified channels.

The Collection Branch of OCD is now in operation and is processing for the agencies an increasing number of collection requests every month.

so far, seven Government agencies outside of CIO are requesting collection action by CIO. As the program develops, this service will be extended to all Government agencies concerned in the national security.

I feel that our collection activities are an important contribution to the coordination and improvement of our overall collection procedures.

Dissemination. Even the best possible collection and production of foreign intelligence serves no purpose unless the intelligence gets to the proper hands, one of our principal efforts has been in dissemination. During the war, innumerable ad hoc and makeshift arrangements were developed in an attempt to meet this problem. CIO is working as rapidly as possible toward coordinating this effort. Gradually, over the past months, the several agencies of the Government have come more and more to call on CIO to assist in locating and supplying their required intelligence material. Plans are well under way to establish a system for the fastest possible interagency dissemination of incoming intelligence information.

National Intelligence Requirements. Perhaps the clearest program of all has been encountered in developing what has been called "National Intelligence Requirements." At one of the first interagency meetings, it was agreed by all representatives present that the wartime procedure of undirected intelligence collection from any and all sources on any and all subjects must for budgetary reasons be replaced by some collection program. It was agreed that these programs should be prepared for each of the strategic areas of the world and revised on a quarterly basis. The idea was that although the program as developed in Washington would set forth the reasons for the collection specifications, the actual collection directives to field representatives